



DRMI Newsletter

Defense Resources Management Institute, Naval Postgraduate School, Monterey, California

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C.J.'s Corner

Comments from Dr. C.J. LaCivita, Executive Director, DRMI



The defense environment has changed significantly over the last five years, as has our defense strategy. The Quadrennial Defense Review completed earlier this year included as part of our strategy developing partnership capacity to fight terrorism. In our courses, we emphasize the relationship between strategy and organizational structure. Changes in strategy typically result in changes to the organization's structure. In order to better implement our new strategies, the Office of the Undersecretary of Defense for Policy is undergoing its most significant change in structure since the end of the (See "C.J.'s Corner" on page 2.)

Feature Article

Transformation and Expansion of NATO, by Dr. Jomana Amara



The North Atlantic Treaty signed in 1949, by Belgium, Canada, Denmark, France, Greece, Italy, Iceland¹, Luxembourg, Netherlands, Norway, Portugal, US, and the UK, established NATO as a cooperative defense organization with each ally contributing a share to the defense of the collective. Greece and Turkey joined NATO in 1952, West Germany in 1955, Spain in 1982, Czech Republic, Hungary, and Poland in 1999 and Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia in 2004. However, with most of its members still recovering from the devastation of World War II, the burden of NATO defense fell on the United States with the expectation that the allies would gradually increase their contribution. As the allies were not substantially increasing their contribution, NATO adopted in 1977 a policy that formally required each member to increase their defense spending by three percent per year after, adjusting for inflation. The allies rarely met this goal. With the expansion of NATO, burden sharing has become a divisive issue with the larger allies alleging that they carry a disproportionately large share of the alliance burden.

NATO has adopted a number of distinct defense strategies over the years. The allies adopted a doctrine of mutual assured destruction in the early years between 1949 and 1966. This doctrine essentially relied on US superiority in strategic nuclear weapons as a credible deterrent and automatic threat to counter any Soviet territorial expansion by attacking preemptively. This could be done because the Soviet strategic weapons were thought to be vulnerable to a first strike. The reliance on strategic weapons meant that NATO's security rested primarily with the US strategic forces, and as a result, NATO's conventional forces were outnumbered by the Soviet Union's. (See "NATO Expansion" on page 11.)

C.J.'s Corner (Continued from page 1.)

cold war. "The goal is to bring a key Defense Department office more in line with other arms of the federal government and address the growing emphasis on managing international military coalitions, equipping partner nations to fight terrorists, and managing the U.S. military response to a growing array of transnational threats" (*Inside the Pentagon*, Aug. 31, 2006, p1). The Assistant Secretary of Defense for International Security Policy will be disestablished. Two new assistant secretaries, including one for global security affairs, will be established, along with numerous changes in deputy assistant secretaries. As we also emphasize in our classes, these changes required congressional approval.

Facilities update

The two-year project to renovate the wings of Herrmann Hall is nearing completion. The wings will be opened for occupancy in phases beginning in April. This means that all future DRMI classes will be able to stay in quarters at NPS.



A photo of the new DRMI classroom taken at the ground-breaking.

RMA Land Construction of Brea, CA, and URS Architectural Engineers of Sacramento, CA began construction of our new lecture hall in November on schedule. The foundation has been laid, and the framing for the walls is nearly complete. We still expect to begin conducting classes in the building in June.



Photo taken 15 January illustrating much progress on the new DRMI classroom.

Topics in Defense Resources Management

Here We Go Again..., by Dr. James Blandin



Congressman Charles Rangel (D-NY) created quite a stir last month by suggesting that the US return to using conscription (the draft) for all men and women ages 18-42. Rangle said on CBS News' *Face the Nation*, "There's no question in my mind that this president

and this administration would never have invaded Iraq, especially on the flimsy evidence that was presented to the Congress, if indeed we had a draft and members of Congress and the administration thought that their kids from their communities would be placed in harm's way."

The US last used the draft during the Vietnam War and abandoned it in the early 1970's when the current version of the All-Volunteer Force (AVF) came into being. Prior to Vietnam, the draft was used to meet manpower requirements during both WW II and the Korean War. As a matter of fact, the war on terror (mainly Iraq and Afghanistan) is the first major conflict that the US has fought using an AVF since the American Revolution.

The reaction to Mr. Rangle's proposal was swift and loud. As reported in the Washington Post, the incoming democratic House Speaker along with the chairmen of the House and Senate armed services committees all said they would

not support a resumption of the draft. Not exactly a ringing endorsement from the newly elected leadership of your party. The Wall Street Journal opined that, "Mr. Rangle's real argument is about class in America, not over the best way to fight Islamic terrorism overseas. He's suggesting that somehow only the poor serve in the Army. But his views are both out of date and condescending to those who do serve." Gina Cobb, writing for the *Sun Times*, struck a more hysterical tone observing, "Rangle advocates two years of involuntary servitude—also known as slavery—for every adult in America. Serve two years in slavery, and then you'll be free to do what you want with your life...maybe, until Rangle comes up with his next political stunt that demands that your freedom be sacrificed." Tim Kane, an Air Force veteran and author of a recent excellent study (Heritage Foundation) on the demographic characteristics of the military observes that, "The military doesn't want a draft. What the military wants is the most effective fighting force they can field."

At DRMI we focus on analytical decision making...the process of defining goals, objectives, evaluating alternatives, making choices and finally, evaluating our choices.

We could use this framework to help us think about the draft issue posed above. For example, should the objective be to choose a manpower procurement system that maximizes effectiveness for a given cost? Should other objectives be considered? How should we define and measure effectiveness? Should political and social dimensions to effectiveness be considered or only military? Which costs should we include? Are there other important costs to a draft in addition to the accounting costs?

If you have taken our DRMI course you can figure all this out. If you haven't taken the course you might consider investing a few weeks of your life with us here in Monterey. In either event, have a great day... I think I will start working on another real-world case study for DRMI.

References:

1. *Face the Nation*, CBS News, November 19, 2006.
2. *Democratic Leaders Reject Idea of Draft*, Washington Post, November 21, 2006. A04.

3. *Uncle Charlie Wants You*, Wall Street Journal, November 25, 2006.
4. *Charles Rangle Thinks He Owns You*, www.suntimes.com/news/otherviews/149557,CST-CONT-slave26.articleprint, November 26, 2006.
5. *Who Are the Recruits?*, The Heritage Foundation, Report CDA06-09, October 26, 2006.

DRMI News

DRMI's IDMC 06-2

IDMC 06-2 consisted of 32 participants from 22 countries. DRMI faculty, staff and participants' community hosts greeted them at an opening reception on Sunday, September 24th. The faculty picnic on Friday, and the Monterey Peninsula Tour on Saturday, completed their busy first week. In addition to the official Washington, DC trip, many participants traveled to San Francisco, Los Angeles, Las Vegas and Yosemite on the weekends. The participants' community hosts arranged a fine farewell reception for them on December 6. A Graduation Luncheon with the faculty on December 8th completed the course.



NPS' School of International Graduate Studies (SIGS) Dean Ord with IDMC 06-2 participants at the closing ceremony.

IDMC06-2 trip to Washington, DC

DRMI's Dr. Anke Richter, LTC Fred Bellamy, USAF and Dr. George Satterthwaite accompanied the participants of IDMC06-2 on a trip to Washington, DC, 31 October – 5 November. While in DC, participants took a city tour, met with Congressman Sam Farr (D-CA), and attended a briefing by members of the House For-

eign Relations Committee. Participants also toured the Pentagon and had briefings by the US Department of State and Institute for Defense Analyses (IDA). Additionally, participants visited Arlington National Cemetery and the new Air Force Memorial.



Class photo of IDMC 06-2 participants.

Nigeria MIDMC, by Senior Lecturer Stephen Hurst



From 9 through 20, October, DRMI conducted its first Mobile International Defense Management Course (MIDMC) in Abuja, Nigeria. The teaching team included Senior Lecturer Stephen Hurst, Dr Robert McNab, LTC Fred Bellamy, USAF and Senior Lecturer Don

Bonsper. The main objective was to share key economic and management tools and concepts that support effective and efficient planning, allocation and use of scarce public resources.

The class consisted of 13 military officers and government civilians from the Ministry of Defense, Supreme Court, Defense Intelligence and National War College. This proved to be the perfect mix of uniformed members of Nigerian military and civilian employees of the Ministry of Defense, Supreme Court and the National War College.



Senior Lecturer Don Bonsper lecturing to Nigeria MIDMC participants.

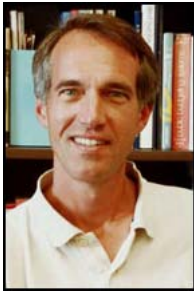
The class represented junior, mid-level and senior officers from different regions and functional areas within Nigeria's national security establishment. This resulted in very dynamic small group discussions and enhanced the exchange of views, ideas, and network building among this group of current and future military leaders.



LTC Fred Bellamy, USAF, buys office supplies for the Nigeria MIDMC.

DRMI's presentation of key economic concepts and analytical tools combined with various lectures and exercises on public budgeting offered a foundation to discuss ways to improve Nigeria's defense resource allocation process. Linking a unified defense budget to the resulting force structure will ensure the allocation of scarce defense resources go to national priority requirements and will reduce or eliminate funding to unnecessary, inefficient and/or ineffective defense programs.

DRMI's First Course in Moldova, by lecturer Al Polley



In support of the Moldovan Ministry of Defense's efforts to reorganize and to reorient towards strategic planning and policy development, DRMI held a one-week course in Chisinau in early November. The aforementioned efforts have been facilitated by the Center for Civil-Military

Relations (CCMR), and represent an essential first step toward the effective and efficient allocation of scarce defense resources.



Photo of the Moldovan Ministry of Defense (MoD).

However, without an ability to convert strategic plans into budgets, the desired outcomes are unlikely to be achieved. Thus, the main issue for the Moldovan MoD, as they go forward with their reorganization efforts, will be to link plans to budgets throughout the process. The DRMI course explored some of the key concepts necessary to do this. This two-pronged, collective CCMR and DRMI effort should result in improved clarity concerning national security goals (what to do), as well as improvements in the ability to meet these goals (how to do it).

The class consisted of 25 participants from the Moldovan Ministry of Defense; Ministry of Finance; Border Guard Service; and Department of Carabinieri Troops (from the Ministry of Internal Affairs). This mix of participants was important, because Moldova has an integrated, multi-agency approach toward providing for its sovereignty. Effective and efficient resource allocation decisions in this environment will be facilitated

by making sure that the roles and missions of the MoD, Border Guards and Carabinieri are clear and that any duplication of efforts is intentional, not accidental.



Photo taken during PPBS lecture in Moldova.

Dr. Diana Angelis facilitates Defense Decision-Making workshop for Czech Republic MOD visitors



Dr. Diana Angelis facilitated a workshop 6-8 Dec 2006 on Defense Decision-Making between representatives of the Czech Republic MOD and DRMI faculty. The workshop was the result of discussions between Mr. Al Polley of DRMI and faculty at Brno Defense University. Attending the workshop from the Czech Republic were Col Miloslav Vacha, LTC (Dr.) Vlastimil Maly, Dr. Monika Grasseova and Dr. Roman Horak. They kicked off the first day by introducing the group to their defense research project titled "Decision-Supporting Methods Development for Planning and Action-Review Processes with MOD". The presentation was followed by an in-depth discussion of the project goals and objectives with a number of DRMI faculty.

After further discussions on defense decision-making methods and systems, the participants concluded that a very useful first step in developing a coherent decision-making system for the Czech MOD would be the identification of a program structure to bridge the gap from strategic planning to budgeting.

The morning of the second day was devoted to the development of a nominal program structure for the Czech MOD. The Czech visitors developed the structure with the help of Dr. Angelis and Mr. Don Bonsper. That afternoon Dr. Francois Melese presented the SUCCESS model to the Czech visitors. After the workshop, our visitors had an opportunity to visit the Monterey Bay Aquarium compliments of the DRMI International Activities Coordinator, Mary Jo McDonough.

On the third day of the workshop, Dr. Anke Richter discussed cost-effectiveness analysis and provided an excellent set of software review articles. The workshop concluded with a discussion of educational and consulting opportunities available through DRMI to assist with the Czech project. After the workshop our Czech visitors joined us for the IDMC 06-2 graduation luncheon.

DRMI commences DRMC 07-1

DRMC 07-1 commenced on 8 January 2007 with fifteen participants. Among the participants are eight internationals from six countries. The course ends 2 February.

Participant News

IDMC 06-2 class leader wins NEX drawing

The class leader in IDMC 06-2, WG CDR Syed Farhat Nadeem of the Pakistani Air Force, was the 1st place winner of a drawing held at the NEX on Wednesday, 22 November. First prize was a \$1000.00 gift card from the NEX.

DRMI graduate promoted to Major General

Brigadier Otisitse Tiroyamodimo (Botswana Army) who attended SIDMC 6/24/02 - 7/19/02 has been promoted to Major General effective 14 December 2006.

DRMI graduate promoted to Brigadier General

Colonel George Tihalerwa of the Botswana Defence Force, who attended IDMC 9/28/92 - 12/11/92, was promoted to Brigadier with effect from 14 December 2006.

Col. Enrique Tonazzi to become Joint Deputy Chief of Staff

On 28 December, Colonel Enrique Tonazzi (IDMC 06-2) was nominated as Joint Deputy Chief of Staff for Intelligence in the Argentine Armed Forces Joint Staff, which will be effective 31 January.

DRMI graduate becomes Ambassador

Major General (Army, retired) Petr Voznica of the Czech Republic (SIDMC 98) sent the below photo of the Czech Republic Embassy. He is now the Ambassador of the Czech Republic to the Republic of Iraq.



Czech Republic Embassy in Republic of Iraq.

The following DRMI graduates sent greetings to the DRMI faculty and staff:

- LTC Salvador Allende de las Moras, Spain, Air Force (IDMC 06-2)
- Major General Ismail Faruque, Bangladesh, Army, Dhaka (SIDMC 06)
- Marie and Brigadier General Berndt Grundevik, Sweden, Army (SIDMC 06)
- Colonel Dusdee Indrapol, Thailand, Supreme Command (SIDMC 06)
- Colonel Oscar Martinez Conti, Argentina, Army (SIDMC 06)
- Mr. Drazen Suhajda, Croatia, MOD (IDMC 03-2)
- Major Pio Tikoduadua, Fiji, Army (IDMC 04-2)
- Colonel Enrique Tonazzi, Argentina, Armed Forces (IDMC 06-2)
- LTC Florian Toporan, Romania, Army (IDMC 05-1)

- Colonel Vasil Totev (Basil), Bulgaria, Air Force (IDMC 06-1)
- Major General Petr Voznica, Czech Republic, Army (SIDMC 98)
- Colonel Dragan Zmajevic, Bosnia & Herzegovina, Army (IDMC 05-2)

An email excerpt from LTC Salvador Allende de las Moras (IDMC 06-2, Spain, Air Force)

To: DRMI Admin
Subject: I miss you

Mary, Gloria, Scott, Elvamarie,

My trips were excellent. I departed from SFCO the 8 th and I spent a few hours in Miami with my friends. I arrived the 10 th to Madrid and I we all went to Disneyland Paris early in the morning the 11 th. The first day was terrible it seemed to me like my olds times hiking in the mountains. We had this kind of freeze rain but ... The following days didn't rain and the last two days were shiny. The kids did great and no one got sick.

Tomorrow I'll go back to my reality and I don't know if I'm going to be able to find my desk.

How are you doing there? I hope everything is going on smoothly.

Salvador.



LTC Salvador Allende de las Moras, Spanish Air Force, with his children at Disneyland Paris.

A DRMI wedding? Email excerpts from Marie and Brigadier General (Sweden) Berndt Grundevik (SIDMC 06)

For my American friends, after getting married (kind of in admin office) in Monterey this summer we decided that we had to do it for real :-). In the fall, we had a proper wedding. It was a great party with 38 of our closest family there to celebrate with us. It was great food; we catered the military cooking team that competes all over and are winning. We rented a castle on a navy base with a view over the Swedish archipelago. [...]

Monterey was such a fantastic place, I could actually think to live there for the rest of my life. I use to joke with Berndt and tell him to become a teacher there for a year. It would be so much fun but I have to be grateful for the wonderful month we got. I have been 3 times in California and that is something that I'm grateful for.

Thank you again for a wonderful summer.

Love Marie and Berndt



Marie and Brigadier General Berndt Grundevik, Swedish Army, at their wedding in NPS' Herman Hall.

Mr. Drazen Suhajda, Ministry of Defense, Croatia (IDMC 03-2) keeps in touch

I have looked to your web page. Actually I look at it every now and then to keep in touch with the school. Your program look very promising. I hope that you will have many new students.

[...] In order to change a line of work I got involved with program CARDS 2002, a program sponsored by EU. Last year I was in school studying Internal Auditing. As a result two months ago I was moved from Armed Forces to

newly formed Independent Internal Audit Division in Ministry of defense. So now I am certified Senior Internal Auditor in Public Sector and IT Audit instructor in the school for internal auditors at the same time. I work directly below the minister of defense, and I answer only to the minister. There are five of us, a small but very competent group of individuals. The job is challenging, but very interesting. And the working conditions are excellent. [...]

As you can see, my education in NPS did not go down the drain. I have find a new use for it and I can tell you it helps me a great deal.

I hope to exchange notes with you from time to time.

Best of luck,

Drazen Suhajda

Ms. Beata Tepes-Nica, IDMC 04-2, stays in touch with DRMI

Ms. Beata Tepes-Nica from the Romanian Ministry of Defense, an IDMC 04-2 DRMI graduate, wrote that she recently relocated to Vancouver Canada and that she stays current with DRMI by reading the newsletter. Now, that's what we like to hear!

An email excerpt from Bulgaria

The Bulgarian Santa Claus Wishes You

Marry Christmas and Happy New Year

Col. Vasil Totev (Basil), Sofia
(Bulgaria, Air Force, IDMC 06-1)

An email excerpt from Col. Dragan Zmajevic keeps DRMI up-to-date

We did not hear about each other pretty long time. I hope all my friends in DRMI are okay.

In Bosnia and Herzegovina defense reform is being performed successfully and we have a lot of works in next two months. [...] Two month ago I become colonel. Actually it was only rename our old ranks (lieutenant - colonel to colonel and colonel to brigadier).

I spent a couple of interesting but very hard-working days as Chief of commission for classi-

fication of professional military persons in one of our units. [...] It was interesting experience because I met some new officers from Federal Army and made some new friends. I am sending you a snapshot from our visiting of ethno village nearby Bijeljina where we were doing our job.

Please send my best regards to all people in DRMI.

Best wishes

Dragan Zmajevic

(Col, Army, Bosnia & Herzegovina, IDMC 05-2)



Col. Dragan Zmajevic with his colleagues.

Col. Dragan Zmajevic sends DRMI his holiday greetings

Best wishes to all of you, Dragan



A beautiful photo Col. Dragan Zmajevic sent to DRMI.

Staff and Faculty News

Former DRMI Staffer sends an update

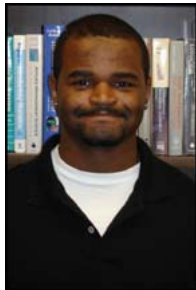
Mrs. Betty Field, DRMI's International Activities Coordinator and DoD Information Program (IP) coordinator from April of 1972 to August of 1995, reports that she is well, but has recently fallen and broken her hip. She is in Virginia for part of the year and Pacific Grove, CA for the other part. If you remember "Mrs. Betty" and would like to contact her, please send a letter to her c/o Kettells, Box 1140, Purcellville, VA 20134.

Dr. Peter Frederiksen undergoes hip replacement



Professor Peter Frederiksen went into the hospital for a total hip replacement on November 3rd. There were slight complications as the new hip dislocated twice shortly after. The original hip was replaced by a modified unit on November 29. Dr. Frederiksen has now graduated from a walker to a crutch and now to a cane and has already come back to DRMI on several occasions. He hopes to make a full recovery sometime early this year.

DRMI thanks Elliot Mitchell for his service



DRMI's student intern, Elliot Mitchell, recently left DRMI. Mr. Mitchell started at DRMI in September of 2005, and left in December of 2006. While an intern at DRMI, Mr. Mitchell attended the Monterey Peninsula College and also worked at Foot Locker. Mr. Mitchell, who possesses excellent potential to succeed in both life and in his future employment opportunities, was well respected in the department. DRMI will miss his service and wishes him the best of luck in his future endeavors.

Dr. Richter serves as faculty council representative and executive board member



Dr. LaCivita appointed Dr. Richter as the DRMI representative to the NPS Faculty Council; she will serve as the representative for 2007. Additionally, the Faculty Council elected her to serve on its Executive Board.

DRMI welcomes new Education Technician



DRMI happily welcomed Mrs. Elvamarie (Elle) Zimmerman on board in October as our new Education Technician. Mrs. Zimmerman has been working at the Naval Postgraduate School for 23 years. Prior to joining DRMI, she had been working as an Editorial Assistant for the Graduate School of Information Science (GSOIS). Her work as the GSOIS Editorial Assistant involved editing and formatting various scientific and technical documents. As DRMI's Education Technician, Mrs. Zimmerman is responsible for compiling information for distance learning and on-site classes. Mrs. Zimmerman enjoys working with community civic groups, such as the Monterey Commission on the Status of Women, and resides in Marina with her husband Raymond. She looks forward to many more years of service at NPS and DRMI looks forward to working with her as part of our team.

Conference Presentations, Research and Publications

Dr. Diana Angelis makes presentation at NATO seminar

Dr. Diana Angelis was invited to make a presentation at the NATO – Russia Seminar on Procurement, Contracting and Financial Planning held 23 Nov 06 at NATO Headquarters in Brussels, Belgium. Her presentation, "Real Options and Risk Management", gave an introduction to the concept of real options and how it can be applied to value flexibility in defense acquisition.

The seminar, sponsored by the NATO – Russia Council, included representatives from the Czech Republic, Estonia, France, Germany, Hungary, Italy, Norway, Poland, Russia, Slovakia, the United Kingdom and the United States.

Planning, Programming, Budgeting and Execution System Conference, by lecturer Al Polley

DRMI's Executive Director, Dr. C.J. LaCivita, and International Programs Coordinator, Mr. Allan Polley, participated in a four-day Planning, Programming, Budgeting and Execution System (PPBES) conference at the George C. Marshall European Center for Security Studies in Garmisch, Germany. The Marshall Center hosted the conference for a group of ten from the Serbian Ministries of Defense and Finance (MoD and MoF, respectively). The North Atlantic Treaty Organization (NATO) recently invited Serbia to join the Partnership for Peace (PfP), and The Marshall Center held this conference in support of Serbia's efforts to modernize their defense capabilities and processes toward the end of successful integration within the PfP community. Mrs. Snezana Samardzic-Markovic, the remarkably determined and capable Assistant Minister of Defense for Defense Policy, led the Serbian delegation. Mrs. Markovic, a career diplomat with the Ministry of Foreign Affairs, has taken her MoD assignment as part of her commitment to making sure her children grow up in a better world--an ideal to which we at DRMI have committed our careers.



PPBES Conference participants.

Mr. Adolph Fabricus from the German MoD and Mr. Ante Modric, the Director of Program Analysis and Evaluation for the Croatian MoD, also attended the conference. Mr. Fabricus is com-

pleting a two-year assignment as an on-site advisor with the Serbian MoD and offered his thoughts for how the MoD might continue its efforts. Mr. Modric, a graduate of MIDMC 98-12 in Zagreb, provided keen insights into some of the challenges faced and lessons learned during Croatia's on-going PPBES implementation.

The success of this conference will hopefully result in a continuing relationship between DRMI, Serbia, Croatia and the Marshall Center.

Dr. Melese consults for Pentagon on DoD-sponsored study



Congress and the General Accountability Office (GAO) have been exploring the concept of a Chief Management Officer for the Department of Defense. Toward the end of 2006, the Pentagon asked Dr. Melese to examine a DoD-sponsored study that investigated alternative strategies to

implement this concept.

Dr. Melese presents SUCCESS model

Also at the end of 2006, Dr. Melese presented the SUCCESS model (Melese, Blandin & O'Keefe (2004) www.ipmr.net) as a framework and guide to Colonel Larsen (HQDA DCS G-8) and some of his key players who are responsible for recommending how to spend the \$17 billion supplemental the Army recently received to help reset its forces.

Dr. Melese requested to develop share-in-savings-proposal

Dr. Melese's work on incentives came up in a recent meeting of Gordon England's (Deputy Secretary of Defense) Institutional Reform and Governance (IR&G) group. He was subsequently asked to develop a share-in-savings proposal based on his earlier publications on Gain-Sharing and Success-Sharing (Armed Forces Comptroller (1995), Military Operations Research (1997)), that could be coupled with the new pay-for-performance National Security Personnel System (NSPS).

Dr. Eva Regnier organizes weather forecasting and operational decision-making workshop



On January 3-5, 2007, DRMI hosted the workshop "Doing Something about the Weather." Thirty-nine participants came together to outline frameworks for integrating weather forecasting with operational decision-making. Applications for this integration range from deciding

whether to evacuate a golf tournament because of a lightning risk to starting up electricity generating capacity to meet forecast demand. The workshop participants included academics and practitioners, from universities, the private sector, the military, and other branches of government. Captain David Titley, USN, who heads the Naval Oceanography Operations Command, gave the keynote address at a dinner on January 3rd. Captain Titley outlined three tiers of environmental awareness, with decision-making in the top tier. The workshop presentations and other information is available at the website http://wikidev.nps.edu/Weather/index.php/Main_Page.

Assistant Professor Eva Regnier organized the workshop, which was funded by the National Science Foundation (grant #DMI-0647362).

Dr. Richter attends INFORMS Annual meeting

Dr. Anke Richter presented a paper entitled, "Costs"? of Equity in HIV Prevention at the Institute for Operations Research and Management Sciences (INFORMS) Annual Meeting, Pittsburgh, PA, November 5-8, 2006. As part of the conference, Dr. Richter also was the chair of a session entitled "Decision Analysis for Healthcare Entities."

Dr. Natalie Webb presents paper at Association for Nonprofit Organizations and Voluntary Action Conference



DRMI's Dr. Natalie Webb and Ramapo College of New Jersey Associate Professor Dr. Rikki Abzug presented their paper, "Do Occupa-

tional/Industry Group Members Vary in (Outside-of-work) Volunteering Activity?" at the Association for Nonprofit Organizations and Voluntary Action annual conference in Chicago, IL, November 16-18.

Recent Publications

Santiago, D. and Richter, A. (2006). Assessment of Public Health Infrastructure to Determine Public Health Preparedness. *Homeland Security Affairs*, Vol. II (3), <http://www.hsaj.org>.

NATO Expansion (Continued from page 1)

As the Soviet Union began to build its strategic forces in the late 1960s and early 1970s, NATO changed its doctrine to that of flexible response. This reduced the credibility of an automatic US nuclear response. The allies prepared to defend themselves against conventional forces. As a result, strategic forces were supplemented with tactical and conventional forces to allow for a response that is commensurate to acts of aggression and could be escalated if needed. Reagan's procurement and strategic buildup of the US forces began during this time. In addition, the pressure was on all NATO allies to build up their conventional forces and support US troops and military installations in Europe.

With the fall of the Berlin Wall in 1989 and the end of the Cold War, NATO no longer faced a common threat. The allies began downsizing to take advantage of a peace dividend. NATO's roles and responsibilities evolved during this period. Security concerns extended beyond NATO's boundaries and new strategic doctrines were developed to deal with the emerging threats. The perceived challenges included managing crisis such as civil wars, disputes over natural resources, and natural disasters, peacekeeping missions, and nuclear, biological, and chemical arms control.

With the dissolution of the Soviet Union, ethnic disputes have erupted in the former communist bloc requiring major intervention. NATO troops were deployed in Bosnia in 1995 as an Implementation force (IFOR) and became a stabilization force (SFOR) later on. In Kosovo, NATO forces were dispatched as part of a peacekeeping force (KFOR). Since the threat to economic stability and its consequences on the flow of oil in the early 1990s in the Gulf, two wars have

been fought in that region. Ethnic crises erupted in various part of Africa including Somalia, Burundi, Rwanda, and Sudan. Peacekeeping required the development of multilateral rapid deployment forces and NATO has become a force provider. In addition, the process of military transformation resulting from the R&D breakthroughs in military hardware and information technologies has created a technology gap in weapons between the large and small ally members. All this requires a rethinking and realignment of the forces.

NATO has undergone a rapid expansion during the last decade with a significant redrawing of the NATO border to the east. From an economic standpoint, the alliance should be expanded if the benefits of expansion are greater than the costs. When the new allies joined NATO it was assumed that they would eventually contribute to the security of the alliance and share in the costs of defense burden. The costs of expansion include those associated with modernizing the new member's forces, intelligence, equipment, training, communication and control, as well as projecting NATO power to the new borders. While these additional costs are to be picked up by the new and current members, it is highly unlikely that the economies of the new members will allow them to undergo this tremendous investment. Their defense budgets are small, their economies are fragile and in transition and their populations do not appear to support an increase in the proportion of government spending devoted to defense. They are not in a position to increase their military budgets to meet NATO's military requirements. Quite likely, the wealthier NATO allies will underwrite the costs.²

Although the new allies are progressing along the same lines and facing similar challenges, their current security contributions to and security demands on the alliance varies. Of all the new members, Poland brings in a large military that has a strong commitment to funding and seems to be better positioned to play a substantial role in the alliance. Even though no major threat exists to Poland, its terrain makes it vulnerable to attacks and difficult to defend. Poland has the largest military of the new allies and historically has spent the most on defense as a proportion of GDP. The military is held in high esteem and regarded as the defender of the nation. There appears to be strong public support

for meeting the defense expenditures to carry out the obligations of NATO membership.

The Czech Republic has few security concerns. It is bordered by three NATO states and neutral Austria. Hungary's security situation is problematic. It is mostly flat and borders unstable former Yugoslavian republics of Croatia and Serbia. In addition, Serbia has a Hungarian minority and the rights of that group could become an issue in the future. There is little public support in both Hungary and the Czech Republic for increasing defense expenditures. The armed forces in both these countries have historically been held in low regard and widely viewed as complicit in the Soviet Union's domination of the countries. The Baltic states of Estonia, Latvia, and Lithuania would be difficult to defend because they lack strategic depth to trade space for time, and any NATO forces stationed there could be quickly overwhelmed by large Russian forces in the area. Local forces could probably defend Slovenia until ground and air forces based in neighboring Italy could reinforce the country. Romania and Bulgaria are difficult to defend because of their flat territory, but they are large and close to NATO forces in Germany. All these nations have small GDPs and their precarious security situation could draw the alliance into conflict with Russia.

Various indicators have been used to measure NATO defense burdens. The most common measures are military expenditure measures combined with ability-to-pay measures where military expenditure is normalized by various country specific measures of ability to pay. In addition, defense shares in total NATO defense spending is used as a defense burden measure. NATO allies have made selective use of the burden sharing measures choosing those that justify their position to their different constituencies. Some measures reflect the domestic burden of defense and the ability of a country to underwrite its defense expenditures. Others reflect the defense effort. Area, population, GDP, and exposed borders are the proxy for benefits, which can be an important determinant of defense spending for NATO members.

Military expenditure as a share of GDP (ME/GDP), military expenditure per capita (ME/POP), and military expenditures as a share of government expenditures (ME/GOV), are burden sharing measures that reflect the ability of a country to underwrite its expenditures.

Each of these measures represents a different aspect of military expenditure cost or burden on a nation. ME/GDP represents the diversion of resources to defense – internal opportunity cost of defense. Since ME are a subset of government expenditures, ME/GOV indicates a nation's opportunity cost within the government budget. ME/POP is a proxy for the individual defense burden within a country. This measure explains the commitment to expenditures per citizen that is being defended.

Since the inception of NATO in the late 40s, the appropriate sharing of the defense burden has been a recurring matter of contention. The larger NATO allies, especially the United States, continue to claim that they shoulder a disproportionate share of the defense burden. If, as these members argue, defense burdens are vertically progressive, the calls for increased defense expenditures by the smaller members are justified. On the other hand, if these arguments are spurious, such calls are not only inappropriate, but, if realized, might result in a regressive distribution.³ It would be prudent to examine the new members' burden sharing measures critically. NATO should be aware of the burden placed on the fragile economies of its newer members in setting their contribution to NATO and, quite possibly, reevaluate the demands placed on the newer members especially NATO's policy of "costs where they fall," in which allies pay their own way for conducting operations.⁴

¹Iceland maintains no military but its strategic location allows it to host NATO bases.

²Instead of the new alliance members fully integrating into NATO, proposals have been made where each NATO member would specialize and provide a niche capability. However, it appears that NATO is leaning toward integrating new members into its structure.

³Currently the European members of NATO are modernizing equipment that is less sophisticated than US equipment. This is straining their defense budgets and there appears to be little domestic support for increasing the budget. As a result, the gap between the military capability of the US and Europe is increasing. The failure of NATO's European members to narrow the technological gap could result in a situation in which the US is the only NATO member capable of using sophisticated military power to confront a crisis.

⁴In Armed Forces Journal (June 2005), Gen. James Jones, the Supreme Allied Commander Europe, expressed concern that small allies, when forced to bear costs of operations, would be reluctant to participate.

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